

1 which was at some stage 4 percent of the net profit of
2 the -- I think it was short period of time. Then as
3 far as I recall it was 10 percent of net profit of the
4 year.

5 In ICI, I couldn't quite recall total
6 amount of funds of bonuses made in ICI, but I would
7 reckon few hundred thousand bucks up to half million.
8 I think probably less than half million.

9 Q And in -- at the time that ICI filed for
10 bankruptcy, you and your father controlled 51 percent
11 of the company; correct?

12 MR. CHALOS: Asked and answered three
13 times now.

14 THE WITNESS: As per information obtained
15 by board members, I controlled 18 percent, and my
16 father controlled the rest, 33 or -- totaling probably
17 51. I think so, yeah.

18 BY MR. BENNETT:

19 Q Mr. Yudaev is an employee with Vista
20 shipping; correct?

21 A He's employee of Columbus Maritime.

22 Q What about Michael Ivanov, who is he
23 employed by?

24 A Columbus Maritime.

25 Q What about Vladimir Ivanov, who is he

1 employed by?

2 A Columbus Maritime.

3 Q And what about Daniel Su, who is he
4 employed by?

5 A He's self-employed. Not self-employed.

6 He -- his company is called Winner Sea, something like
7 that. He does his business. Yup, I would say so.

8 MR. BENNETT: Can you mark this as 2.

9 (Business cards marked as Baransky
10 Exhibit Number 2)

11 BY MR. BENNETT:

12 Q Sir, I'm going to hand you copies of
13 business cards which we've marked as Exhibit 2.

14 MR. BENNETT: Sorry, George, I don't have
15 extra copies.

16 MR. CHALOS: That's okay, I got this from
17 you at the hearing.

18 BY MR. BENNETT:

19 Q When you worked for Industrial Carriers
20 you represented to people that you were an executive
21 director; correct?

22 A Yeah, that was functional description.

23 Q And Vladimir Yudaev was the chartering
24 manager for Industrial Carriers?

25 A This was his functional description. He

1 is -- he was -- he was employee of IC Ukraine in the
2 last period of time. He was representing Industrial
3 Carriers; right.

4 Q And Daniel Su was the chief
5 representative in Shanghai for Industrial Carriers?

6 A Probably, yeah. Yeah. I'm not sure
7 about his legal position, but I think so.

8 MR. BENNETT: Can we mark that has 3.

9 (Viktor Baransky's business card for
10 Vista Shipping marked as Baransky Exhibit
11 Number 3)

12 BY MR. BENNETT:

13 Q Sir, I hand you what I've marked as
14 Exhibit 3. That's your present business card for Vista
15 Shipping; correct?

16 A Yeah, correct. Yeah.

17 MR. BENNETT: Can we mark this as 4.
18 (Production of Documents marked as
19 Baransky Exhibit Number 4)

20 THE WITNESS: So we are finished this
21 one, yeah?

22 MR. BENNETT: Yes, for now.

23 BY MR. BENNETT:

24 Q Sir, I'm going to hand you what's been
25 marked as Exhibit 4, which is the documents that your

1 attorney has produced to us in response to our document
2 request.

3 A Um-hum.

4 Q Did you help gather these documents?

5 A No.

6 Q Who gathered these documents?

7 A I -- I made the meeting between my people
8 and gave them the task according to their functions.

9 Q And --

10 A To different people; not one person was
11 given everything.

12 Q And when did you arrive in the United
13 States?

14 A I arrived in the United States Tuesday
15 night, yeah.

16 Q Did you have these documents with you at
17 that time?

18 A No. I think they were sent, they were
19 sent by e-mail.

20 Q And who e-mailed them?

21 A I don't recall. Some -- some of my staff
22 probably.

23 Q Did they e-mail them to you?

24 A They were e-mailed to me -- yes, they
25 were e-mailed to me with copy to MFB probably.

1 Q And do you recall who actually e-mailed
2 you these documents? The person.

3 A I can only guess. I mean, I cannot say
4 for sure.

5 Q Do you carry a BlackBerry with you?

6 A Yeah. I do.

7 Q Is the e-mail on the BlackBerry?

8 A Yeah. Yeah.

9 Q Can you tell me who sent you these
10 documents.

11 A No, because -- what time it was, I think
12 it was not sent with one file; it was couple of files
13 probably.

14 MR. CHALOS: Bill, I can help you on
15 this.

16 BY MR. BENNETT:

17 Q Tell me the first file, who sent it to
18 you.

19 A See, I have -- because my memory was
20 full, you know, I was -- it's September -- here it
21 comes. Tuesday, November 12 --

22 I can't get them. I can see documents
23 concerning Flame. This is not what you request. I
24 can't locate them.

25 Q Did the documents all come from one

1 office? Did they come from your office or your
2 lawyer's office?

3 A From my office, yeah, from my office.

4 Q And did that come from Vista?

5 A From Columbus Maritime most probably.

6 Q So it was a Columbus Maritime e-mail that
7 sent these documents to you?

8 A Oh, e-mail was Vista Maritime, most -- I
9 think so.

10 Q And when you were working for ICI, what
11 was the address?

12 A Physical address you mean?

13 Q Yes.

14 A Where office was located?

15 Q Yes.

16 A Chernomorskaya 1.

17 C-H-E-R-N-O-M-O-R-S-K-A-Y-A 1.

18 Q And as a shareholder, did you have access
19 to documents to review?

20 MR. CHALOS: Objection. Time?

21 BY MR. BENNETT:

22 Q In 2008, did you go to the office?

23 A Yes.

24 Q Did you have an office?

25 A In 2008?

1 Q In 2008, did you have a physical office
2 that you would go to on a daily basis?

3 A Of course. It was IC Ukraine, which was
4 a subsidiary of Industrial Carriers.

5 Q Did you have file cabinets in those
6 offices?

7 A Cabinets?

8 Q Yes.

9 A Board of Directors. Actually, on second
10 floor -- there were two floors in this office. First
11 floor was, I don't know, you can call it in the western
12 meaning, I don't know, maybe trading floor or something
13 like that. It was open space, big space where
14 chartering managers were located, operations managers
15 were located, and maybe few accountants at some period
16 of time. At some period of time.

17 However, at later stage, as far I recall,
18 they were in -- they had separate room just for the
19 accountants.

20 Q Where would ICI store its documents?

21 A As far as -- from information which I
22 heard, I think none of them were in Ukraine. None.

23 Q So if you got a fixture recap when you
24 were chartering ships and you printed it out, where
25 with you put it? Would it go into a file? Would it be

1 sent down to Greece?

2 A When fixture recap is made, I give it to
3 operations department, and operations department --
4 because I was in operations just for a couple of
5 months, but the system has changed a bit since that
6 time.

7 So for the last -- for the last two
8 years, I may not be fully correct, but I think that
9 after this recap went to operations, they were sending
10 it to Greece, the Greek office, and probably to
11 Ukrainian accounts as well. But there were two
12 accounts, actually: Ukrainians and Greek.

13 Q When you were working for ICI/Diamant,
14 were you living with your father?

15 A No.

16 Q If you look at Exhibit 4 on the first
17 page, which is FBP1, what document is that?

18 A That is a share certificate probably.

19 Q And --

20 A If I'm right. It's -- yeah, yeah, it's
21 share certificate.

22 Q Does that reflect that the Marshall
23 Islands company known as Freight Bulk Limited is a
24 hundred percent shareholder of Freight Bulk PTE
25 Limited?

1 A Yeah, yeah, that's correct.

2 Q And you own all the shares in Freight
3 Bulk Limited, the Marshall Islands company; correct?

4 A No, no, no.

5 Q Who owns that?

6 A HACHI Holding.

7 Q But you control HACHI?

8 A Yeah. I am -- yeah.

9 Q If you go to the third page of that
10 document, that's a -- what is that reflected there?

11 A This one?

12 Q Yes.

13 A It's contract of agreement for commission
14 of a ship.

15 Q And what was the purpose of entering into
16 that contract?

17 A The purpose was to buy a ship and to make
18 some money.

19 Q So Freight Bulk was going to buy the CAPE
20 VIEWER; correct?

21 A Yeah.

22 Q And that performance was going to be
23 guaranteed by Vista Shipping; correct?

24 A I need to go through the document.

25 Q If you read the first paragraph.

1 A Yeah, right.

2 Q And do you know who drafted this document
3 on behalf of Freight Bulk?

4 A I don't know. It might be the broker if
5 it is involved; usually the brokers do it. If the
6 broker is not involved, then somebody does it from
7 seller's office or from buyer's office.

8 Q So under this memorandum of agreement,
9 Freight Bulk PTE Limited had the obligation under this
10 agreement to purchase the FRONT VIEWER; correct?

11 A Yeah.

12 Q And Vista was going to guarantee that
13 obligation; correct?

14 A Yeah.

15 Q If you turn to FBP00010, which is the
16 signature page, who was signing on behalf of buyers?

17 A Dmitry Zorin.

18 Q Who is he?

19 A He is director of Black Sea Service
20 Company.

21 Q Is he a Vista employee?

22 A He's employed Black Sea Service.

23 Q Does he have any relationship with Vista?

24 A He does.

25 Q Did he have a relationship with ICI?

1 A No.
2 Q If you go to FBP00013.
3 Mr. Zorin is again signing on behalf of
4 Freight Bulk?
5 A Yup.
6 Q If you go to the protocol of delivery and
7 acceptance, which is FBP00017.
8 A Yup.
9 Q Again, Mr. Zorin is signing on behalf of
10 Freight Bulk?
11 A Yup.
12 Q If you go to 00020 and 0021, that's a
13 record of a SWIFT --
14 A Correct.
15 Q -- correct, for the purchase of the CAPE
16 VIEWER?
17 A Right. Right.
18 Q And the money was -- the purchase monies
19 were provided by Sea Traffic Shipping Co. --
20 A Absolutely, right, yeah, that's correct.
21 Q -- which is a company you control;
22 correct?
23 A Yeah.
24 Q If you go to the next page, which is
25 00022.

1 This document is a standard ship
2 management agreement; correct?

3 A Yup.

4 Q And it says that the owners are Freight
5 Bulk PTE?

6 A Yup.

7 Q And the managers are Vista Shipping;
8 correct?

9 A Correct. Yeah, absolutely.

10 Q And you sign as director on behalf of
11 Freight Bulk?

12 A Yup, yup.

13 Q And Mr. Bakalo signs on behalf of Vista;
14 right?

15 A Yeah, right, right, right.

16 Q If you go to 31. Same thing; you sign on
17 behalf of Freight Bulk as director; correct?

18 A Absolutely, yes.

19 Q And Mr. Bakalo signs on behalf of Visa
20 Shipping?

21 A Correct, yes.

22 Q When you were employed by ICI, ICI was
23 carrying coal for Ferrexpco; correct?

24 A I don't know. ICI --

25 Q That was a big client of ICI's, was

1 Ferrexp?

2 A No, no, no. I don't think so. Ferrexp, 3
3 as per my information, Ferrexp was selling cargo 4
4 mainly only for bid. They started selling CFR -- they 5
5 started selling CFR I think recently. It was -- it was 6
6 while I was engaged in Vista.

7 Q But ICI was doing -- had a relationship 8
8 with Ferrexp and they were chartering ships to take 9
9 iron ore from the Ukraine to China.

10 A I was -- no, no, see, I was not -- 11
11 Ferrexp was selling the cargo FOB, which means that 12
12 they are not responsible for chartering of the ship. 13
13 They are just the producers. They are in 14
14 transportation, port stevedoring of the cargo, and 15
15 that's it. And they sell cargo to Chinese and to us, 16
16 customers on FOB.

17 Ferrexp started selling CFR at a much 18
18 later stage. I was, myself, was not operating at the 19
19 time.

20 MR. CHALOS: Is it "Ferro," F-E-R-R --

21 MR. BENNETT: Ferrexp.

22 THE WITNESS: Ferrexp, F-E-R-R-E-X-P-O.

23 BY MR. BENNETT:

24 Q Is it your testimony here today that ICI 25
25 never carried a cargo from the Ukraine to China?

1 A ICI carried cargo, for sure.

2 Q From the Ukraine to China?

3 A Yes, yes.

4 Q And it was Ferrexpco's cargo, although it
5 may not have been a relationship?

6 A I see -- yes, that would be correct, yes.

7 Q If we turn to page 0034 and this is a
8 ship management agreement; correct?

9 A Yup.

10 Q And in that document, Mr. Zorin is
11 signing on behalf of Sea Traffic Shipping; correct?

12 A Yeah.

13 Q And he prior had signed on behalf of
14 Freight Bulk PTE, correct, when he purchased the ship?

15 A Probably, yeah. . Probably, yeah. He had
16 power of attorney to do so, sir.

17 Q Because it was all one in the same
18 company?

19 A Because he -- he's a trusted person of
20 myself.

21 Q And you controlled all the companies so
22 you told him what to do?

23 A I have power of attorney for -- for
24 what -- for all mentioned -- before mentioned
25 companies, yes, that would be correct, yes.

1 Q Did you have power of attorney for ICI?

2 A No, of course not.

3 Q But you bound ICI to charter parties;
4 correct?

5 A Yeah, but that was every chartering
6 people do. That was -- that's normal shipping
7 practice. Not all chartering people have authorities
8 like what your client said yesterday.

9 Q Yeah. But you and your father had
10 51 percent of the company.

11 MR. CHALOS: This is the fifth time --
12 BY MR. BENNETT:

13 Q You controlled -- you controlled ICI.
14 The Baransky family controlled ICI.

15 A I wouldn't say so.

16 Q Okay.

17 A ICI was mainly controlled by Sergey
18 Baransky and Vitale Cherepanov.

19 Q Sir, if you'd go to page 47, which is the
20 classification conditions.

21 A Yeah.

22 Q This is for the CAPE VIEWER; correct?

23 A Yup, yup.

24 Q And it states that the manager is MKTM?

25 A Yup.

1 Q Under the agreement signed with Sea
2 Traffic, wasn't Sea Traffic supposed to be the manager?

3 A Sea Traffic was -- let me explain one
4 thing. In Ukraine, Ukrainian entities, they are not
5 freely allowed to make wire transfers abroad. They can
6 only wire money within Ukraine.

7 And in order to operate a ship, a
8 technical manager needs to pay for lubricating oils,
9 for -- to the crew, you know, salary and stuff like
10 that. And you cannot use Ukraine entity for this
11 purpose.

12 So Sea Traffic, as far as it
13 subcontracts, its job towards MKTM.

14 Q And that's because of the restrictions on
15 sending out wire transfers?

16 A Yeah. Because Ukraine company, to
17 conduct business internationally, it's virtually
18 impossible. I mean, you cannot run a shipping company
19 registered in Ukraine. That's impossible absolutely.
20 Because there are currency restrictions.

21 Even if you receive income, Ukraine
22 company, yeah, you automatically 50 percent -- it was
23 changed from 50 to a hundred percent; I don't know what
24 it is now, between 50 and a hundred percent --
25 automatically transferred into local currency.

1 And in order to pay money somewhere, you
2 need a contract, registered in tax office, registered
3 in national bank. I mean, it's virtually impossible to
4 operate.

5 Q If you'd turn to page 51. The name of
6 the owners representing signing this document was?

7 A Andre Obukhov, yeah, right.

8 Q He was a former ICI employee, wasn't he?

9 A No, he was not.

10 Q Have you seen the ICI website? Were you
11 familiar with the ICI website?

12 A I have seen it when -- while I was
13 working there. Of course I did, yeah.

14 Q Is Mr. Obukhov a Vista employee?

15 A Mr. Obukhov is employee of MKTM.

16 Q Sir, if you could turn to page 71.

17 A Yup.

18 Q Are you familiar with the company called
19 Skuld?

20 A Yes.

21 Q And this was a letter to Freight Bulk
22 PTE; correct?

23 A To Freight Bulk PTE, you are right, yeah.

24 Q And Skuld is a P & I Mutual?

25 A Yes.

1 Q For lack of a better term, an insurance
2 company.

3 A Yeah, yeah, absolutely.

4 Q And listed as co-assureds is Vista
5 Shipping Limited as charterers --

6 A Uh-huh, uh-huh.

7 Q -- MKTM as charterers, and Columbus
8 Maritime Shipping Corporation as charterers?

9 A Yeah, but that's -- go.

10 Q That's not true?

11 A That's not accurate, I would say.

12 Q And in there it says that the co-assureds
13 are jointly and severally liable for all outstanding
14 amounts. Do you see that?

15 A Um-hum.

16 THE COURT REPORTER: Is that yes?

17 THE WITNESS: Yes, yes, the answer is
18 yes.

19 BY MR. BENNETT:

20 Q And you are the controlling interest in
21 Vista Shipping; right? You are the boss of Vista?

22 A I have general power of attorney.

23 Q In -- page 75. It's an entry form on a
24 Skuld document.

25 Do you see where it says Sea Traffic Co.?

1 A Um-hum.

2 Q They are also a co-assured on behalf of,
3 along with Freight Bulk?

4 A Yeah.

5 Q And that's for the CAPE VIEWER; correct?

6 A I can't see the name of the ship stated
7 here.

8 Q It's on the second page, sir, I'm sorry.

9 A Yeah, right, right. I can't understand
10 why this -- I can't -- okay, that's -- forget it.

11 Q What is -- who is Tech Project?

12 A It's a technical manager; Ukrainian
13 entity.

14 Q They are listed as co-assureds; correct?

15 A Yes.

16 Q So with respect to the CAPE VIEWER, the
17 co-assureds are Vista, Sea Traffic, MKTM, Columbus --

18 A Yes.

19 Q -- and Tech Projects; correct?

20 A Yes, but they seem to be incorrect. It
21 is not Ukrainian, Columbus. Columbus mentioned there
22 is another -- Columbus Maritime Shipping Corporation is
23 a Marshall Island company.

24 Q That's the Marshall Islands company that
25 was set up because of the restrictions with wire

1 transfers; correct?

2 A I don't really recall the reason why we
3 set up. I think probably you might be right, yeah.

4 Q Turn to page 100. There's an e-mail to
5 Vladimir from the broker; correct?

6 A Yes.

7 Q And that's Vladimir Ivanov; correct?
8 He's the operations guy? He would handle this?

9 A I think -- I think so, yeah.

10 Q And that e-mail is going to operations
11 Columbus; correct?

12 A Yeah, yeah.

13 Q And Mr. Ivanov is also an employee of
14 Vista; correct?

15 A He's employee of Columbus, of Ukrainian
16 Columbus.

17 Q And he was also in the operations
18 department for ICI; correct?

19 A Yes, he did. Yeah.

20 Q Sir, if you can look at document 111.

21 A Yeah.

22 Q This is the resolutions of the Board of
23 Directors.

24 A Um-hum.

25 Q And the Board of Directors for Freight

1 Bulk PTE was yourself; correct?

2 A Sorry?

3 Q You were the -- you were on the Board of

4 Directors --

5 A Of Freight Bulk?

6 Q -- of Freight Bulk?

7 A Yes, I do.

8 Q And this was a resolution designed so --

9 to give permission to purchase the CAPE VIEWER; right?

10 A Yeah, yeah, yeah.

11 Q And in that document, Freight Bulk is

12 giving the power of attorney to Dmitry Zorin; correct?

13 A Correct, yeah, Sergly Bakalo and myself.

14 Q And Sergly Bakalo and yourself; correct?

15 A Yeah, yeah.

16 Q And the three of you have signed on

17 behalf of Vista before, Freight Bulk, and Sea Traffic;

18 correct?

19 A Um-hum. Probably, yes.

20 Q When was the last time you had a board

21 meeting for Freight Bulk PTE?

22 A For Freight Bulk? I don't -- I think it

23 was for -- authorizing purchase of a ship, because

24 Freight Bulk owns two ships, and I don't recall which

25 one of them was the first. So if there was second one

1 was after it, then probably -- I think so.

2 MR. CHALOS: Keep your voice up so she
3 can hear you.

4 THE WITNESS: Oh, yes, okay.

5 BY MR. BENNETT:

6 Q The capital that was used to create
7 Freight Bulk, was that 50,000 Singapore dollars?

8 A Yeah, yeah.

9 Q If you go to page 145.

10 A Yes.

11 Q Is that your signature?

12 A Yeah.

13 Q And you're signing on behalf of Freight
14 Bulk Limited in that document; correct?

15 A Yeah, yeah.

16 Q We can put that exhibit aside.

17 A This one --

18 MR. CHALOS: Just pile them up.

19 THE WITNESS: Sorry.

20 MR. CHALOS: Just pile them up upside
21 down so if you need them you can just flip them back.

22 THE WITNESS: Oh, okay.

23 MR. CHALOS: Is it a convenient time for
24 a toilet break?

25 MR. BENNETT: Sure.

1 (Recess)

2 MR. BENNETT: Back on the record.

3 BY MR. BENNETT:

4 Q Sir, when you were working for ICI, were
5 you in the same department as Michael Ivanov?

6 A At what time frame?

7 Q In 2007/2008.

8 A Yeah.

9 Q And that was the chartering department?

10 A Yup.

11 Q And was -- what was the business of ICI?

12 A Business of ICI was basically chartering.
13 Chartering the ships, yeah, to carry cargo.

14 Q And was Mr. Su ICI's representative in
15 China to promote ICI's business?

16 A Yeah, that's correct.

17 Q Correct?

18 A (Nodding).

19 Q And in China, Daniel Su had focused in on
20 companies that needed iron ore out of the Ukraine;
21 correct?

22 A No. Not just this.

23 Q But that was a large part of the
24 business?

25 A From the beginning, yes. However, at

1 later stage, he was -- we established some
2 relationships with a couple of meals and traders. I
3 mean, not we. Industrial Carriers established a
4 relationship with meals and traders, and Industrial
5 Carriers was moving cargo apart from Black Sea. As far
6 as I remember, it was Australia, from Chile, from
7 Brazil, yeah, I think from Brazil as well.

8 Q And when you worked in the chartering
9 department did they break the world up into regions and
10 say that, Mr. Ivanov, you have the Black Sea, and
11 Mr. Baransky, you have the Black Sea, and someone else
12 does Chile and Australia?

13 A Not really. I would say -- I would say
14 people were more divided by clients, but not as a
15 general rule.

16 Q And when you were acting as -- what was
17 your title when you were in the chartering department
18 of ICI?

19 A I was employee of IC Ukraine at last --
20 in 2008, yeah.

21 Q And what were your general duties and
22 responsibilities?

23 A Chartering ships.

24 Q And who was your big client?

25 A I have couple of big clients. I -- at

1 what period of time are we talking about?

2 Q 2008.

3 A 2008. I had one important client,
4 Ukrainian iron ore producer called Metinvest. I had --
5 from Ukrainians -- from Ukrainians, I think that's it.

6 From China, it was Fujian San Steel.

7 It's F-U-J-I-A-N. Fujian San Steel. S-A-N Steel.

8 It's the same of ITG, Xiamen ITG, based
9 in Xiamen. That's south in China.

10 It was, as far as I remember, Jinan
11 Steel, J-I-N-A-N Steel. It was Xiamen C&D, imported --
12 Xiamen C&D -- X-I-A-M-E-N. Xiamen. In Chinese it's
13 Xiamen.

14 MR. BENNETT: Did you get that?

15 THE COURT REPORTER: X-I-A-M-E-N.

16 MR. BENNETT: Yeah, okay.

17 THE WITNESS: I'm trying to recall --

18 BY MR. BENNETT:

19 Q So is it fair to say though that during
20 your employment with ICI in 2008, your market,
21 Mr. Baransky's market, was the Black Sea to China?

22 A The majority of cases, yes. However, I
23 recall -- I recall Mr. Kozminkikh also fixing on that
24 route; however, it was different client.

25 Q And what about Michael Ivanov, what was

1 he doing?

2 A Michael Ivanov, he was doing paper, FFA.

3 And apart from FFA, he -- it's really hard to remember,
4 because what I was doing, it's easier to remember. But
5 others, I think he was doing Black Sea, U.S. Gulf, with
6 pig iron. Pig iron; it's steel, it's almost -- pure
7 steel almost. Pig iron.

8 Q Pig iron.

9 A Yeah. He was also doing -- he was
10 actually doing a lot of stuff, but I can't really
11 recall.

12 Q Good employee?

13 A Michael Ivanov. Of course, yeah.

14 Q Hard worker?

15 A Yeah.

16 Q Vladimir Ivanov, good employee?

17 A Yeah.

18 Q Hard worker?

19 A Yes.

20 Q Mr. Yudaev, good employee, hard worker?

21 A Of course.

22 Q Mr. Su, good employee?

23 A Good man, yeah. But not -- apart from
24 them, there were other good employees who went to other
25 companies so --

1 Q And when someone approached ICI, it was
2 for the business of chartering ships; correct? You
3 provided ships?

4 A Yeah.

5 Q Yeah. And Michael Ivanov was the
6 chartering department, he was in the chartering
7 department; correct?

8 A Yes.

9 Q Did you deal with a broker called IFCHOR?

10 A Yes.

11 Q They are ship brokers and chartering
12 agents; correct?

13 A Yeah, but I don't recall if I personally
14 dealt, but I do remember that IFCHOR was one of --
15 IFCHOR is a major broker, and being a big company, you
16 cannot basically avoid deal with them.

17 Q What is a Panamax?

18 A Panamax is a ship that would -- a
19 standard Panamax, because Baltic Exchange provides the
20 meaning of standard Panamax vessel, it is, as far as I
21 remember, a 76,000-tonner, 14.2 meters draft. Cubic
22 capacity, I cannot recall. Going at 14 knots. And
23 ballast consuming about 32 tons. That's more or less
24 it.

25 Q And all of us in the room know the marine

1 industry, but the judge may not, the clerks may not.
2 So can you tell us what a Panamax does?

3 A Panamax? Well, you -- a specific ship or
4 just general?

5 Q What's the purpose of a Panamax ship? Am
6 I correct that it's to carry bulk cargo from point A to
7 point B?

8 A But -- no. The word Panamax is not
9 something specific. It's just --

10 Q It describes a vessel? It describes the
11 type of vessel that someone would want to carry their
12 cargo; correct?

13 A The word Panamax -- let me put it in my
14 opinion proper way.

15 The word Panamax describes a specific
16 niche, a specific niche of the ships where, for
17 example, you can call Panamax any ship from 60,000 tons
18 up to -- up to 80,000 tons. Actually, gearless
19 vessels, these are all -- all of the ships are
20 Panamaxes.

21 Q And it's a category of ship; correct?

22 A It's a --

23 Q It's a type of ship?

24 A Yeah, yeah, you would be right, correct?

25 Q So a Capesize and a Panamax are different

1 types of ships; correct?

2 A Yeah.

3 Q And did you have any business dealings
4 personally with Flame?

5 A No, I do not recall.

6 Q Did -- when you were chartering ships
7 were you chartering ships to carry iron ore from point
8 A to point B?

9 A Yeah, yeah.

10 Q And when Mr. Ivanov entered into FFAs,
11 was the purpose of ICI to charter in ships to, to
12 fulfill its obligations to carry cargo on behalf of
13 people?

14 A I -- I cannot -- really, I do not
15 remember the purpose for him chartering FFA.

16 There was, let's say, a general --
17 general decision of Board of Directors of the strategy
18 of the company; however, I do not recall. Maybe I knew
19 this, but I cannot recall for which purpose he was --
20 he was doing FFA trade.

21 MR. CHALOS: Bill, Bill --

22 (Discussion off the record)

23 BY MR. BENNETT:

24 Q Okay, sir. You're obviously familiar
25 with Mr. Seward; correct?

1 A Yes.

2 Q Are you also familiar with Asad Naqvi?

3 A Yes, I do.

4 Q How long have you known Asad Naqvi?

5 A I think I knew him first time a couple of
6 years before. Maybe three years. Maybe -- maybe -- I
7 think about two years probably, if I'm not wrong.

8 Q Are -- are your -- withdraw that.

9 Is Freight Bulk being represented by MFB
10 solicitors as well?

11 A Yes.

12 Q Okay. And are you aware that Mr. Naqvi
13 and Mr. Seward also represented ICI?

14 A Represented? I am aware that Mr. Seward,
15 not Mr. Naqvi. I do not recall Mr. Naqvi representing
16 ICI. I am aware that Mr. Seward was representing ICI
17 during -- while I was employed in IC Ukraine.

18 Q What about in 2011 when Mr. Lloyd had
19 filed the request for a judgment in the High Court of
20 London? Were you aware that Mr. Naqvi and Mr. Seward
21 were representing ICI at that time?

22 A No.

23 Q Were you aware that Mr. Chalos was
24 representing ICI at or about that time?

25 A No, I got -- got acquainted, yeah, with

1 Mr. Chalos personally quite recently.

2 Q That was through -- withdraw that.

3 Were you ever provided with the Price
4 Waterhouse Coopers audited and unaudited reports?

5 A Who?

6 Q You. Were you ever provided with the
7 Price Waterhouse Coopers reports?

8 A Me?

9 Q Yes. Relating to ICI?

10 A Sorry, the question is --

11 Q Well, let me back up.

12 Do you know who Price Waters Coopers is?

13 A Of course I do.

14 Q Okay. Do they provide services to
15 Freight Bulk and Vista?

16 A To Freight -- to Freight Bulk and Vista?
17 To some extent.

18 Q What's the extent?

19 A They participate -- well, they do the
20 accounts, yeah.

21 Q Who retains Price Waters Coopers to do
22 the accounts of Vista?

23 A Who hires them, you mean?

24 Q Yes.

25 A Ah, sorry. Price Waterhouse -- no, no,

1 no. Sorry.

2 Price Waterhouse -- Price Waterhouse was
3 doing for Industrial Carriers.

4 For Vista and for Freight Bulk, Deloitte
5 is doing accounting. Sorry, I misled you.

6 Q And were you ever provided with the Price
7 Waters Coopers reports relating to ICI?

8 A Was I ever provided?

9 Q Yes.

10 A I think yes, yeah, I think yes.

11 Q As a shareholder, you were entitled to
12 that?

13 A No. No. Every chartering employee, if,
14 for example, if you need to charter a ship for a
15 certain period of time, during the course of 2006, 7,
16 8, yeah, companies were doing due diligence of each
17 other, and usually your counterparts will ask you for
18 audited or unaudited statement or some financials,
19 especially as it is concerned to loan commitments
20 involving big, big liability, especially during that
21 time of the market when the rates were in the sky.

22 So any chartering employee could request,
23 and they did request, I think -- I would assume that
24 all chartering department had accounts of Industrial
25 Carriers at the time for the purpose of showing to the

1 counterparts, to the brokers, that Industrial Carriers
2 is company generating money. That's it.

3 Q When was Sea Traffic established?

4 A To the best of my knowledge, to the best
5 of my recollection, it was established in 2010.

6 Q And who assisted you in establishing that
7 company?

8 A We have a -- in Ukraine, Odessa, we have
9 a guy, a man, who has authority. He acts as a special
10 agent of Marshall Islands. He has authority from
11 Greece, and he provides all the documents. He is
12 basically registrar for us; we deal with him.

13 Q And when was HACHI --

14 A Established?

15 Q -- established?

16 A That's a good question. I would recall
17 2011 probably or 2000 -- I think somewhere in between
18 2010 and 2011.

19 Q Who assisted you in establishing Vista?

20 A Vista was established by a Swiss guy
21 based in Geneva; Andre Huoman, his name. He assisted
22 me. Took actually quite a bit of time for him do it; I
23 don't know why. I don't think -- it took him more than
24 a month. Maybe even a couple of months.

25 Q And --

1 A But I was not really familiar at that
2 time, when I was establishing Vista, with all this
3 organizational -- how to incorporate offshore
4 companies, whom to -- whom to go. I didn't know. I
5 didn't know basically what to do, so I went to this
6 Swiss guy.

7 Q Have you ever heard of a company called
8 Blue Coast Navigation?

9 A Yeah, I recall this is -- Blue Coast
10 was -- it's -- I recall it in connection with
11 Industrial Carriers.

12 Q What do you recall about it?

13 A I think it was -- it's a good question.
14 It was an affiliate probably.

15 Q And what's the basis of your knowledge
16 that it was affiliated?

17 A I remember -- I remember some of the
18 employees talking about, about this company in the
19 office as a part of Industrial Carriers, affiliate
20 companies. That's it.

21 Maybe even -- maybe this company even
22 chartered some ships, but I am not sure about that.
23 Maybe.

24 Q Did you get your employment with ICI as a
25 result of your dad owning the company?

1 A I wouldn't say so. At -- at the time
2 when I was introduced to ICI, another man was
3 dominating -- dominating shareholder.

4 Q Are you sure about that?

5 A Yes. Let me make sure!

6 Q Hasn't your father always been the
7 largest shareholder in Diamant and ICI?

8 A I am not sure. I don't know. Really, I
9 don't know. He was always one of the major
10 shareholders, as far as I know, but to which extent, I
11 don't know. I have to say that before 2006, another
12 man was dominating -- was completely dominating the
13 company. I am not sure, okay. That's -- that's it.

14 Q All of the bank accounts for Vista,
15 Columbus, MKTM, are in Riga, Latvia; correct?

16 A No, that's not correct, because Ukrainian
17 companies, they cannot -- it's virtually impossible to
18 establish a bank account abroad. So Ukrainian
19 companies, they have accounts in Ukrainian banks.

20 Q Do you have a bank account in Riga,
21 Latvia?

22 A What do you mean?

23 Q Do you personally have a bank account in
24 Riga, Latvia?

25 A That's a good question. I think I used

1 to have. I think I used to have, but I'm not sure if I
2 closed it down really.

3 Q Where do you bank today?

4 A I have -- you are saying "you." What
5 does it mean, "you"?

6 Q Where does Viktor Baransky have his
7 personal bank accounts?

8 A Personally, I have bank account in
9 Ukraine, which has five thousand bucks in it, you know,
10 which I don't really use, which is connected to my
11 wife. She's spending from that account.

12 Personal accounts, I am not sure about
13 Latvia, but even if account in Latvia existed, it is
14 not operational for years. I am not sure if it exists
15 at all really.

16 Q Have you ever heard of a bank called
17 Regional Investment Bank?

18 A Yeah, that's the bank where Vista
19 Shipping has accounts.

20 Q And who else has accounts there?

21 A There are lots of clients of Regional
22 Investment Bank.

23 Q Who do you know that has accounts there?
24 What companies do you control that has accounts there?

25 A Okay.

1 MR. CHALOS: Regional what?
2 THE WITNESS: Regional Investment Bank.
3 MR. BENNETT: Regional Investment Bank.
4 THE WITNESS: Sea Traffic has accounts
5 there. Columbus Maritime Shipping Corporation Marshall
6 Islands has accounts there.

7 BY MR. BENNETT:

8 Q Tech Projects?
9 A No. Tech Projects is Ukrainian.
10 Q HACHI?
11 A HACHI has, yeah, right, HACHI.
12 Q Did ICI have an account there, IC
13 Ukraine; they had an account there, too, right?
14 A I'm not sure about it. A major account,
15 if I said, was HSBC. I am not sure about Regional
16 Investment Bank. I am not sure about that. I know
17 that major account was HSBC, Essence.

18 Q That's when it was ICI. But when it went
19 IC Ukraine it went to Riga, Latvia; right?

20 A No, no, no, IC Ukraine is Ukrainian
21 entity. Again, with Ukrainian entity you cannot set up
22 account abroad. You can only have account within
23 Ukraine. I really don't know what account had IC
24 Ukraine because I was not involved in these matters.

25 Q So IC Ukraine being a Ukrainian company

1 had to rely on subsidiaries to be funded, such as
2 Weaver, Selene; correct?

3 A Sorry, didn't get your question.

4 Q IC Ukraine didn't have a bank account
5 abroad; correct?

6 A No. Of course not.

7 Q It would be illegal to do that; correct?

8 A It would be -- you would need to collect
9 a bunch of documents, which is virtually impossible to
10 collect. And it's useless. It doesn't mean anything.

11 Q So there was a practice and procedure of
12 setting up Marshall Island company where you would
13 funnel money to such as Weaver; correct?

14 A I don't know, I don't really know the
15 purpose of setting up company Weaver Investment. I can
16 only guess. If you want me to guess, I can.

17 Q Well, what is your understanding of why
18 Weaver was set up?

19 A My understanding is that not only Weaver,
20 but other companies, I would guess, were set up in
21 order to avoid Ruby attachment, because Ruby attachment
22 was working until -- I don't recall. I think it was
23 2010 or -- I don't remember.

24 But it was a couple of years it doesn't
25 work, but I think in 2010 or about there Ruby

1 attachment of funds was available so that any party
2 could come to the court giving -- giving not a big
3 bunch of obligations and could basically arrest the
4 funds passing through New York. And as we all know,
5 all dollars are passing through New York, so if
6 somebody would want to seriously disrupt the business
7 of any company, he would do this.

8 And unless a company has a couple of, or
9 at least one other subsidiary which it could use, then
10 it will be -- the business will be hurt. So I think
11 that was the main reason.

12 Q So it was the practice and procedure of
13 ICI, in order to avoid its creditors, to send money to
14 subsidiary companies? That's what you just described;
15 correct?

16 A Creditors are people who have judgment of
17 the court, who have judgment of the court that somebody
18 owes money to them.

19 If somebody is seeking a security for
20 something, I wouldn't call him a creditor. I wouldn't
21 see him a claiming party. And at that time, at that
22 time, any party could bring, you know, a billion bucks
23 claim, arrest all your accounts, and the company would
24 completely go bankrupt. Especially if the company
25 is -- is doing business, is doing a lot of

1 transactions, the company might go bust.

2 Q Have you ever heard of a company called
3 Transfield?

4 A Yes, of course. Of course I have heard
5 of them.

6 Q Do you know what a washout agreement is?

7 A Washout agreement, no.

8 Q Did -- do you know whether ICI and
9 Transfield had a business relationship?

10 A Yes, I think -- I think I said it, yes.

11 Q And in September of 2008, ICI received a
12 payment from Transfield of a little bit over
13 \$4 million. Do you recall that? As part of a
14 resolution of a charter party.

15 A I remember -- I do not recall it, but I
16 do remember, I do remember that there was a contractual
17 agreement with Transfield. I don't -- I don't recall
18 this.

19 Q Was that -- were you aware of any
20 litigation that went on in the Southern District of New
21 York? Because you're talking about Rule Bs.

22 A Yes.

23 Q So you were familiar with litigation?

24 A I was working in operations department.
25 While I was working in operations department, I do